WHOLE EARTH REVIEW

November 16, 1995

Chuck Ortmeyer
Howard, Rice
Fax 399-3041

Dear Chuck:

Here is a copy of the Net Royalty Proceeds Agreement for *The Millennium Whole Earth Catalog*. This one is written to Howard Rheingold, but those to other staff members are identical except for having different interest percentages in the first paragraph.

As you can see, the first $105,233 comes free and clear to Point. It's only beyond that point, if that point is in fact reached, when additional royalty payments are split 50-50.

Joel Solomon just called and said you would be drafting a clause exempting the Point and Whole Earth names and related intellectual property from the available remedies. Thanks very much.

Please let me know if you are waiting for anything else from us. I *think* I have now sent everything you asked for.

Sincerely,

Mike Sto

Michael K. Stone
General Manager

27 Gate Five Road, Sausalito, CA 94965 phone: 415/332-1716 fax: 415/332-3110 email: wer@well.com

WHOLE EARTH REVIEW

November 16, 1995

Chuck Ortmeyer
Howard, Rice
Fax 399-3041

Dear Chuck:

Here is a copy of our 9/30/95 balance sheet. Please let me know if it suffices for your purposes. As you can see, it shows no debt. The "deferred revenue" is standard reporting for a periodical. It reflects the fact that people always pay in advance for subscriptions.

One more note on the much-amended "no personal liability" clause. Our board's attorney called me this morning and asked that that read " . . . for any of the obligations <u>or representations</u> arising out of this note."

Thanks. If you have any questions, please give me a call.

Sincerely,

Michael K. Stone
General Manager

27 Gate Five Road, Sausalito, CA 94965 phone: 415/332-1716 fax: 415/332-3110 email: wer@well.com

WHOLE EARTH REVIEW

November 16, 1995

Chuck Ortmeyer
Howard, Rice
Fax 399-3041

Dear Chuck:

I've worked through the revised language with our board, and they've accepted those changes. Thanks.

One thing remains. Maybe this will be clarified when we see the UCCI as completed by you. Our attorney has counseled our board that, unless the loan documents specify otherwise, Endswell could — were Point to be in default on this loan — have the right to claim the name and copyrights of Point and *The Whole Earth Review* and in fact to be able to publish an entirely different journal using that name. This is unacceptable to our board. They consider themselves to be the custodians of the *Whole Earth Review* tradition and are not prepared to jeopardize that or to give it up by default. If the loan agreement does not protect against that option, they say they will not sign it. Perhaps we need to talk.

We should have the updated balance sheet today, and I will fax it to you.

I should also fax you some kind of document for the records, concerning the royalties for *The Millennium Whole Earth Catalog*. As you know, Point is putting up as collateral its share of the royalties. You have a copy of the contract with Harper San Francisco. You should also have a copy of the contract the Point board made in 1994 with Point employees. By that contract, the first $105,000 of royalties from Harper comes directly to Point. Beyond that, though, the royalties are to be split 50-50 between Point and a specified list of employees. So Point's "share" of the royalties consists of the first $105,000 plus 50 percent of royalties received after that. It is this $105,000 and

27 Gate Five Road, Sausalito, CA 94965 phone: 415/332-1716 fax: 415/332-3110 email: wer@well.com

50 percent which is being pledged as the collateral. Given the size of the loan and the value of the other collateral (along with the fact that there is no guarantee as to whether there will be royalties or how large they will be) I don't think this is an issue. But I did want to let you know of it and to send you some record of that contract with employees.

I will look forward to hearing from you.

Sincerely,

Michael K. Stone
General Manager